



2015 Marketing Automation Performance Report

WHERE COMPANIES ARE INVESTING, WINNING & FAILING

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1. Executive Summary

Overview

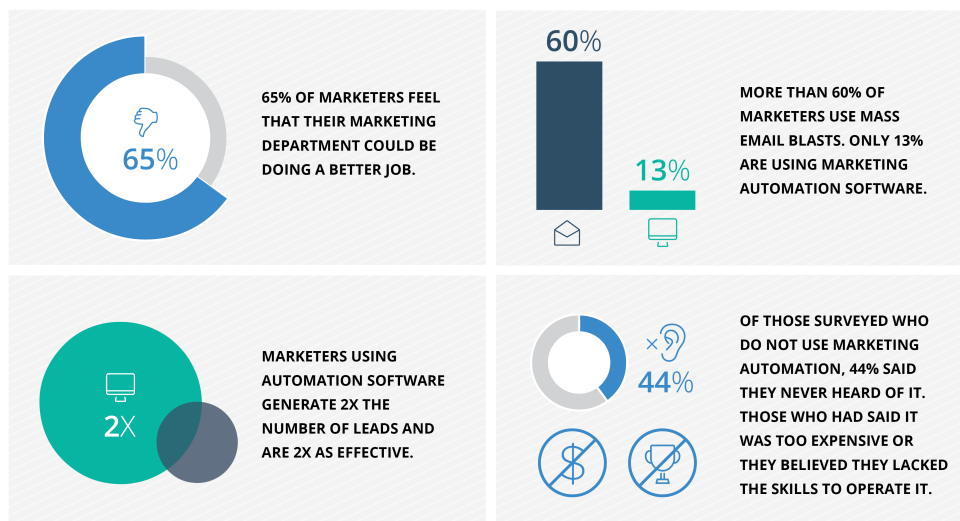
This report offers valuable insights into marketing investment in 2015. We evaluate the level of awareness, satisfaction, and adoption of marketing automation software, and compare the performance of users and non-users of this technology. Companies investing for growth in 2015 can use these results to benchmark their own performance and find new avenues for growth.

The bottom line

In 2015, companies are investing more in websites, brand, and social media, and less in advertising. Content-driven strategies designed to attract searchers, followers, and subscribers to their brand through web and social media channels are marketers' top priorities. Companies who maintain a regular cadence of communication with customers generate more leads. Marketing automation software helps companies build better relationships and drive results, but adoption of the technology is hampered by lack of awareness, software complexity, and cost.



2015 Marketing Automation Performance Report **Key Takeaways**



Key Takeaways

According to marketers, there is much to be desired this year when it comes to staying in touch with prospects. In fact, a majority (**65%**) feel that their marketing department could be doing a better job at communicating with customers. *So what are they doing wrong?*

According to the findings, **more than 60 percent of marketers use mass email blasts** to stay in touch with customers, however only **13 percent** are using marketing automation software. *So what are they missing out on?*

While companies using blast email software still generate more leads than those who use nothing at all, marketers using **marketing automation software generate 2x the number of leads** than those using blast email software and are perceived by their peers to be **twice as effective** at communicating. *So why aren't more companies using it?*

Amongst marketers surveyed who are not using marketing automation software, **44 percent** said they have never heard of it. Of those who were familiar, the top reasons for not implementing marketing automation included high costs and perceived lack of skills to operate.

2. The Rise of Social Media and Customer Journey Marketing

2015 is a year of transition in the global economy. Fluctuations in stock markets, commodities, and currencies still are affecting business confidence. Companies are under pressure to weather the financial uncertainty - by focusing on ROI-maximizing initiatives, developing their brands, and building closer relationships with customers.

Marketing in 2015: web and social are in, advertising is out

This year, marketers are investing in their websites, brand, and social media, and less in advertising.



2015 Investment Priorities for Marketing Executives

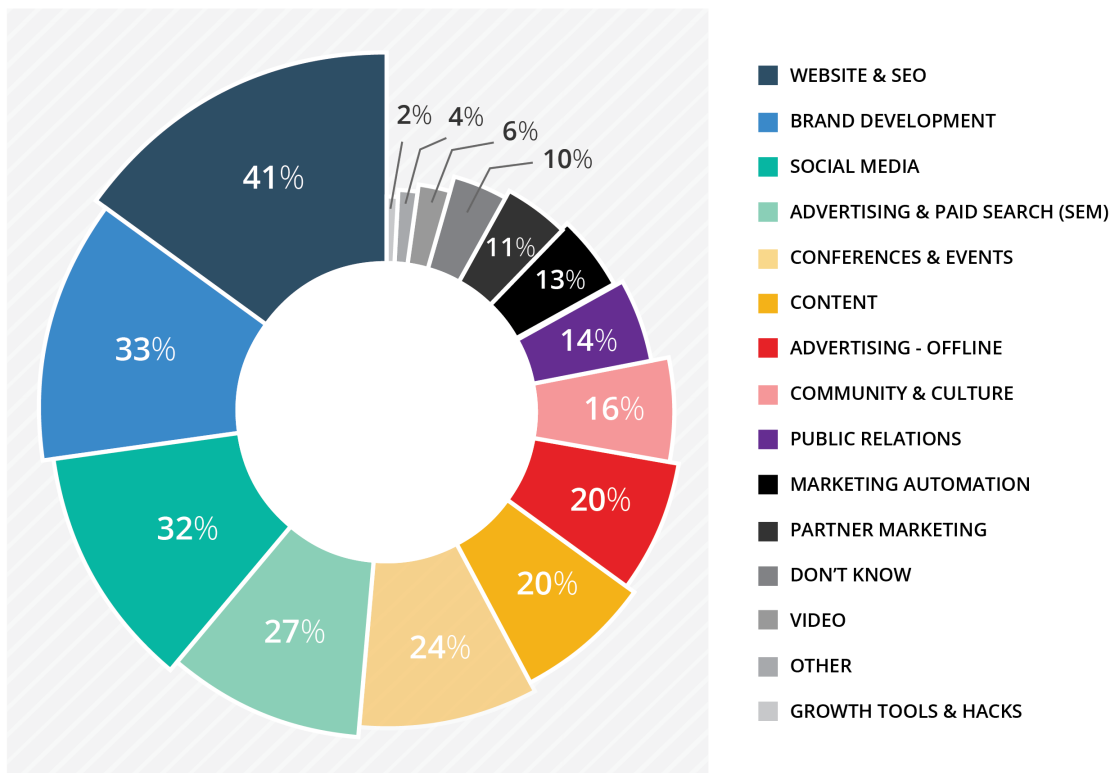


Figure 1. Marketing investment priorities summarized from 327 responses to: "What are your company's top three planned areas of marketing investment in 2015? (Select up to three)"

Survey responses from 327 mid to senior level US-based marketing professionals indicate that content-driven strategies designed to attract searchers, followers, and subscribers through web and social media engagement, and ROI-efficient strategies to develop their brand, are marketers' top priorities. Surprisingly advertising is #4, which might be related to a broader shift in focus towards [social and journey-oriented approaches](#) to engaging customers.

In the enterprise, it's all about the brand

Enterprise is responding to the changing business climate with a continued focus on building their brands – a longer-term focus that delivers customer awareness and loyalty, repeat business, and perceived value. In the enterprise, advertising (online) is the #3 priority for 2015 investments.

Budget-conscious small to mid-sized businesses¹ are investing in strategies that drive shorter-term results with high ROI, including online content that can be promoted through low cost channels like websites, social media, and virtual events.

| All | Enterprise | SMB |
|--------------------------|--------------------------|----------------------------|
| Website (40%) | Brand (40%) | Website (42%) |
| Brand (33%) | Website (37%) | Social Media (34%) |
| Social (32%) | Online Advertising (32%) | Brand (30%) |
| Online Advertising (27%) | Social Media (27%) | Conferences & Events (25%) |

¹We defined small to mid-sized businesses as those with up to 250 employees

The shift to customer journey marketing

A new [State of Marketing Technology](#) report commissioned by Salesforce.com, reinforces our findings that social media represents three of the top five marketing investment areas in 2015.

The study goes on to note, more broadly, that 2015 marketing success will be realized by developing cohesive approaches to “craft, guide, and enhance the customer’s journey from a state of ignorance to a state of continual and profitable dependence.” Doing so is all about content, marketing intelligence, CRM, mobile, and **marketing automation**.

The Effectiveness of Various Technologies at Creating a Cohesive Customer Journey

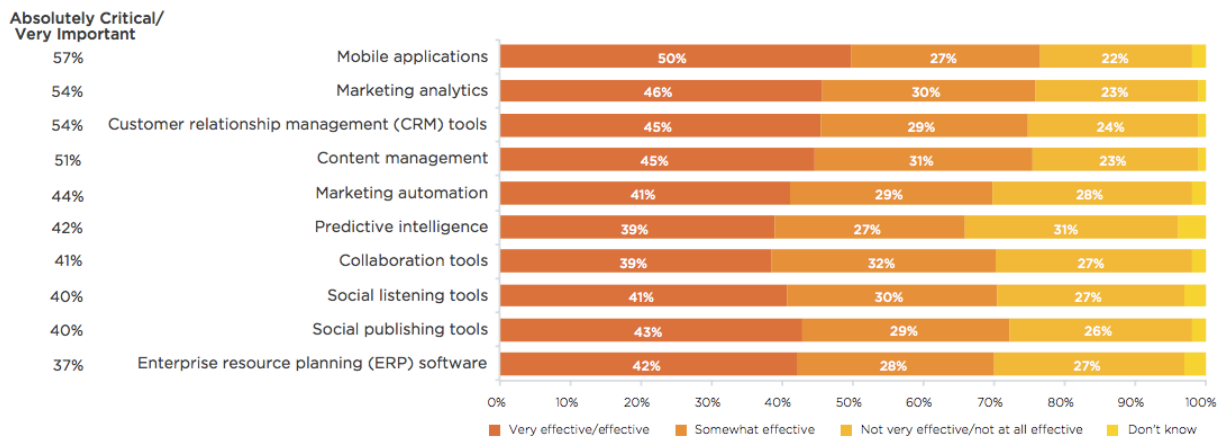


Image Credit: Salesforce

Growing importance of staying in touch

Salesforce reported that only 22 percent of companies are using marketing automation today, trailing far behind more mainstream channels like social media or the corporate website. However, 67 percent of marketing automation-users listed the technology as “very effective/effective”, which is in the top four of 26 digital marketing technologies, beaten only by “email marketing” (68 percent).

Marketing automation
will be amongst the
most piloted
technologies in 2015 via
[@Salesforce](#)



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The proportion of users who intend to pilot or use marketing automation in the next year is amongst the highest of all technologies.

Similarly, in this study only 13 percent of marketers are using marketing automation software (MAS) today to nurture leads and customers. But they too are doubling down and investing more next year, particularly compared to companies who don't currently use MAS.

- This is especially true amongst the still relatively underserved small to mid-size business segment (SMB), 24 percent of whom listed “marketing automation” as being a top three area of investment in 2015, compared with eight percent of non-users.
- Marketing automation-using companies plan to invest in content creation at twice the rate (40 percent vs. 22 percent), at the expense of social media, where investment will less than non-MAS users (12 percent vs. 37 percent).

3. Are Marketers Out of Touch?

65 percent of companies felt that their marketing department could do better at staying in touch with their customers. These views are not specific to any segment or industry. Only 42 percent of enterprises indicated that marketing is doing a “good job”, which is higher than SMB and mid-market companies (33 percent), but still a lackluster self-evaluation coming from marketing.

The challenges faced by today’s marketing departments are many, and include age-old issues such as being stretched thin across many programs, being tied to ambitious growth targets, and needing to satisfy needs of diverse stakeholders. In addition, today’s marketing departments must quickly adapt to using a dizzying array of technologies to meet ROI goals and deliver on heightened expectations for transparency in a world of big data and cloud insights.



Figure 2. Summarized from 327 responses to: “Do you feel like your marketing team does a good job of communicating with your leads and customer database regularly?”

4. Regular Communication Builds Better Relationships

In the next sections, we will explore how companies are growing their businesses by communicating with their customers and leads and nurturing those relationships.

What are the successful marketers doing right?

To understand how the most successful companies are getting results, we first looked at the frequency at which companies engage their contacts to stay top of mind and grow awareness.

35% of companies send communications to customers less than once per month



How often do you market to leads and customers?

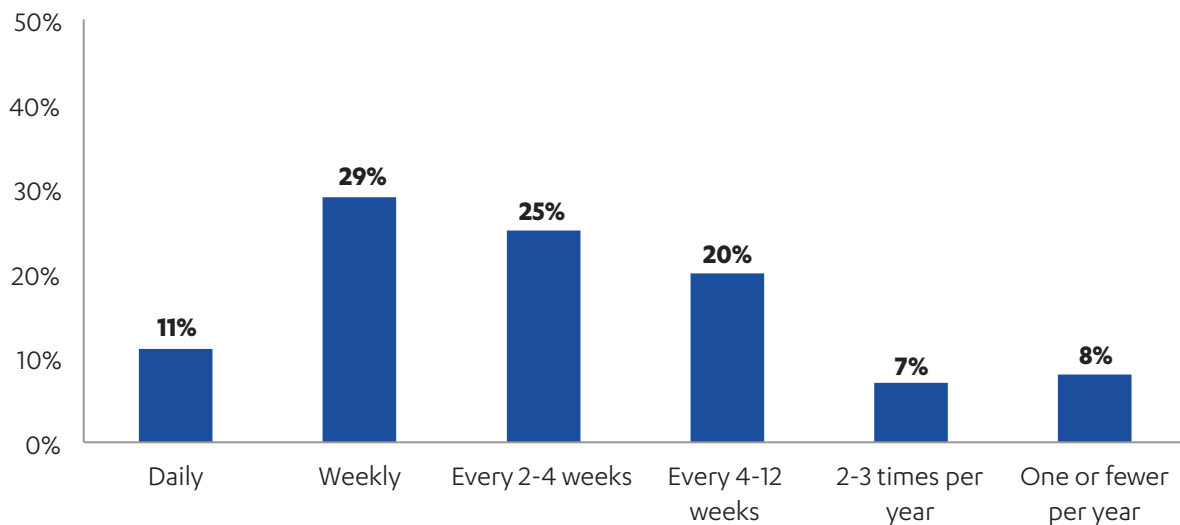


Figure 3. Summarized from 327 responses to: “How frequently do you send communications to your customer and marketing database?”

More than 35 percent of companies send communications to customers less than once per month. Almost half of respondents send at most two to three communications each year.

Companies that communicate every two to four weeks generate 2X the leads

Next, by capturing the number of leads that each company generates on a monthly basis, we benchmarked performance across segments and based on how frequently a company communicates with its marketing database.²

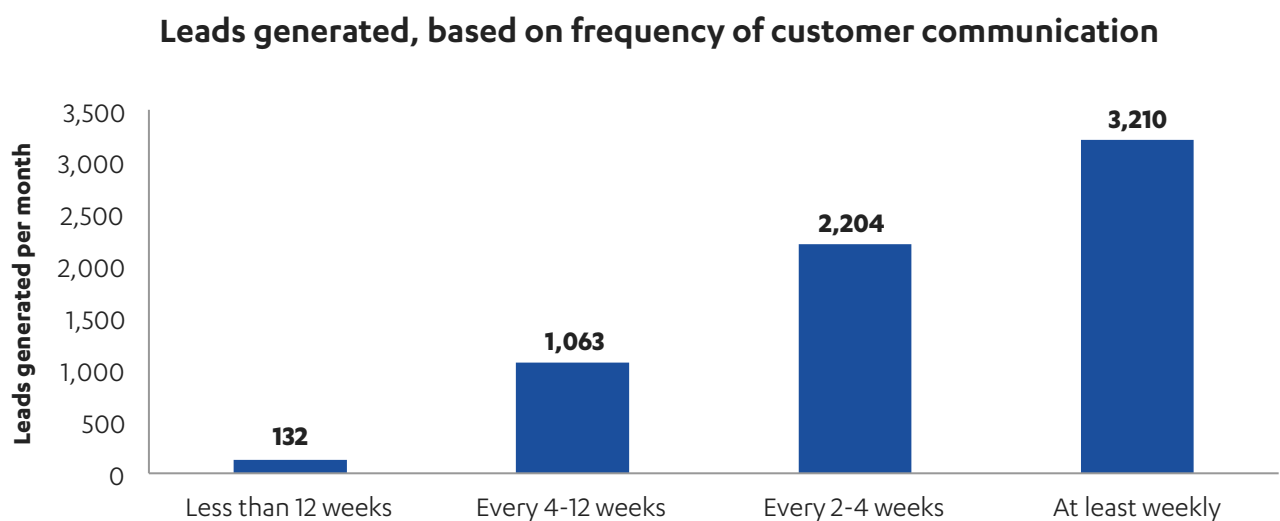


Figure 4. Number of monthly leads generated, based on frequency of customer communication (216 responses).

Key Finding: Companies that send customer communications every two to four weeks generate twice as many leads as those who are in touch every four to 12 weeks.

Sending customer communications every 2-4 wks generates 2X the leads



² Lead results were used from 216 respondents, or 66 percent of 327 total respondents. Results from 111 respondents were excluded from leads analysis either because they listed “0”, “unknown”, or were anomalous (defined as those where the number of monthly leads generated exceeded 10 percent of the lead database size).

There are no obvious diminishing returns, or negative effect of *over-communicating* with contacts. Those who send weekly communications generate 60 percent more leads than sending every two to four weeks.

Large companies produce more leads

Companies in this study produce just over 2,000 leads per month, with larger companies generating more leads than smaller companies.

| | Avg. number of monthly leads | Avg. contacts in marketing database | Number of Companies |
|------------|------------------------------|-------------------------------------|---------------------|
| SMB | 248 | 28,792 | 157 |
| Mid-Market | 3,929 | 526,193 | 43 |
| Enterprise | 17,221 | 4,810,267 | 16 |
| Total | 2,048 | 481,995 | 216 |

Other interesting findings:

- Drilling in to the small business segment, SMBs who send communications every two to four weeks generated 575 leads per month, which is double the monthly average.
- Mid-sized business and enterprises saw similar trends, and averaged nearly 4,000 and over 17,000 leads per month, respectively.
- Total database sizes grew from under 30,000 in SMB, to half a million and nearly five million contracts, in the mid-market and enterprise respectively.

Did you know the average #SMB produces 250 leads per month?



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5. Email is In – But Automation is More Effective

The above sections find that companies who are successful at communicating regularly with their contact database perform better. This section explores which marketing approaches are most effective.

How do you market to your leads and customers?

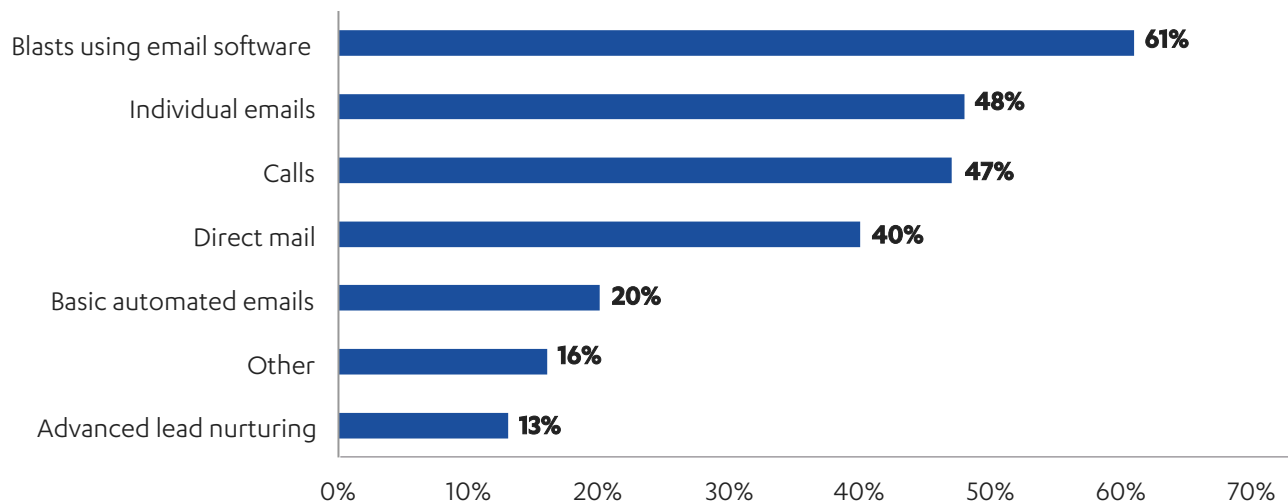


Figure 5. Summarized from 327 responses to: "How are you currently marketing to your leads and customers? (Select all that apply)."

Key finding: 61 percent of companies use email software to send blasts, generating far more leads each month than those who use no email software (avg. of 1,283 vs. 89 leads per month).

Companies that use email software generate 14X more leads than those who don't



Is marketing automation the quiet performer?

A small portion of respondents automate their email marketing. The survey found that 21 percent of companies have set up basic drip nurture emails, and 13 percent use advanced lead nurturing. **These automation-using marketers generate far more leads and build significantly larger databases than non-users.**

Some interesting factoids:

- *More leads:* Marketing-savvy MAS-using companies generate on average 4,200 leads per month, which is 2x more leads than companies who use email software to for email blasts and basic timed emails
- *More reach:* MAS-using companies have over 650,000 contacts in their marketing database, which is 30 percent more than non-automation users



Effectiveness of Email Software vs. Marketing Automation on Lead Generation

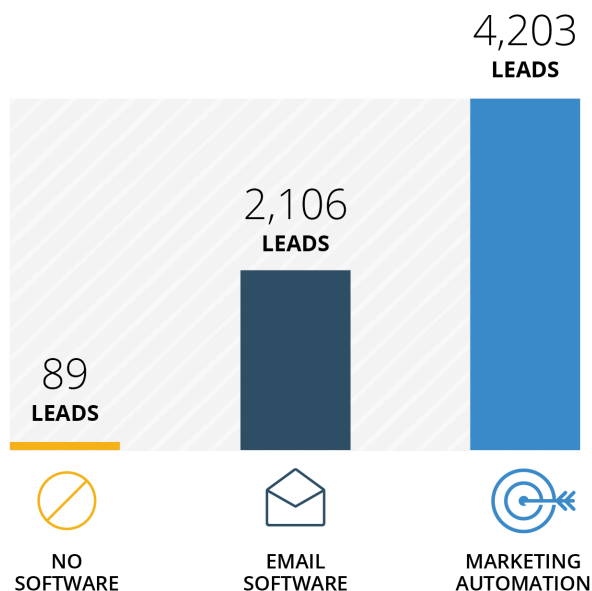


Figure 6. Number of leads generated based on the type of communication software used (216 responses)

Marketing automation generates 2X more leads than email software



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- *Getting the basics right:* MAS-using companies are twice as likely to implement basic nurturing programs, such as sending automated follow-up emails to sales requests
- *Not going dark:* Non MAS-using companies are five times as likely to go dark, or send three or fewer communications per year to their customers (18% of non-MAS users)

Automation-using SMB marketers perceived to be twice as effective

Does your marketing team do a good job staying in touch?

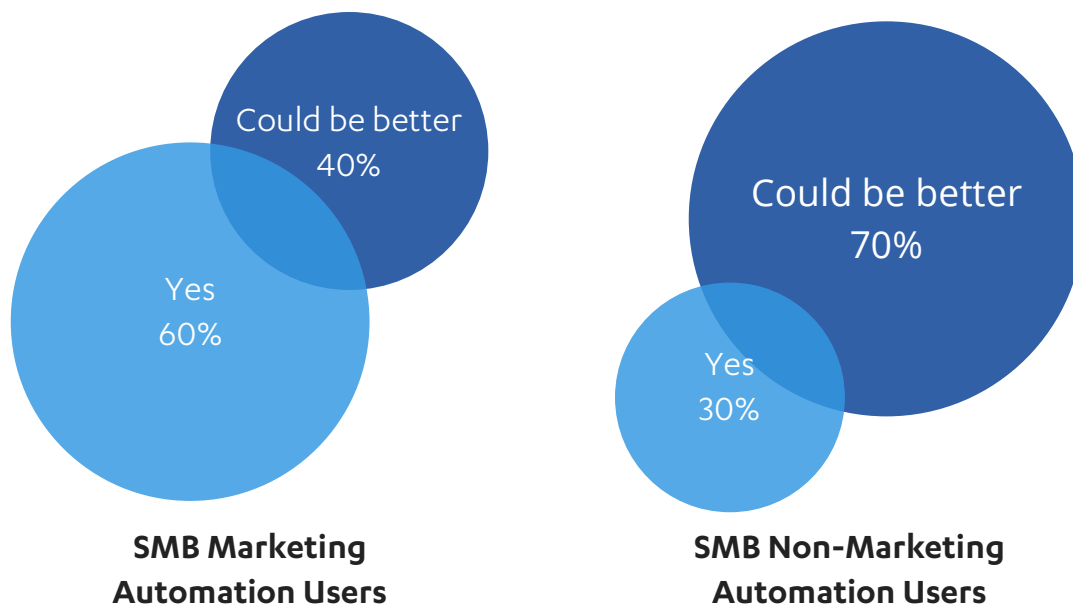


Figure 7. Summarized from 327 responses to: “Do you feel like your marketing team does a good job of communicating with your leads and customer database regularly?”

SMB marketers who use marketing automation software are perceived to be twice as effective at staying in touch as their non marketing automation-using counterparts.

- 60 percent of SMBs who use marketing automation are “doing a good job” vs. only 30 percent for non-users

- “Doing a good job” is not just about having access to more resources and better skills – 68 percent of companies have dedicated marketing teams, most of which are three people or less in size.

SMB marketers using marketing automation are said to be twice as effective by peers



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43 percent of companies do not use a CRM

43 percent of surveyed companies do not use customer relationship management (CRM) software – and of the 57 percent who do, Salesforce the clear leader. Typically companies who use marketing automation software do so in conjunction with a CRM, which is the master for their customer record.

But 11 percent of marketing automation users do not use CRM, instead relying on the micro-CRM capabilities built into many marketing automation systems. These include abilities to organize and manage contacts and lists, and to connect their marketing with third party systems.

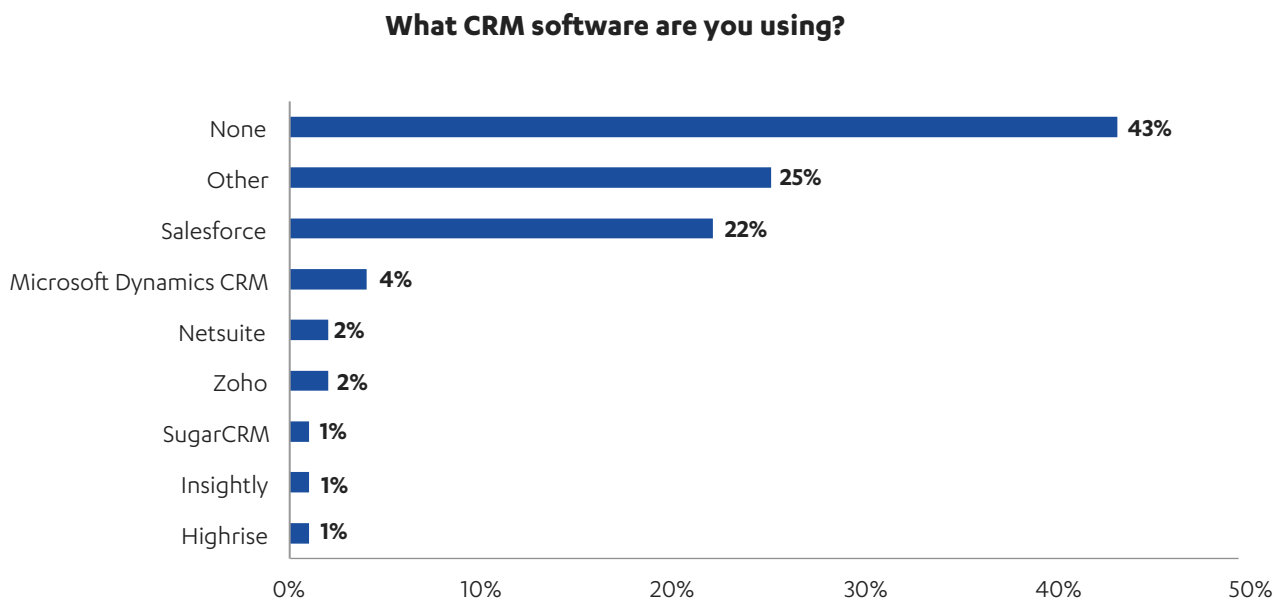


Figure 8. Summarized from 327 responses to: “What CRM software are you using?”

6. Marketing Automation Users Say The Software Needs Work

44 percent of marketers are not thrilled with their current set-up

A surprisingly high proportion of customers are unhappy - **44 percent of marketers indicated they are not quite satisfied with their marketing automation solution.**

Marketer Satisfaction with Current Marketing Automation Software

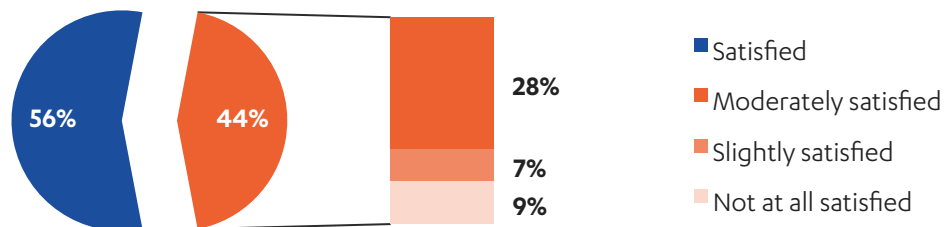


Figure 9. Summarized from 55 responses to: "How satisfied are you with your current marketing automation software?"

The levels of dissatisfaction are due to a number of factors, including the difficulty of initial setup and onboarding. In fact, **56 percent of respondents felt that the experience of setting up and implementing their marketing automation system was a challenge**, due to the following factors:

- 22 percent felt that it takes too long and did not meet expectations
- 11 percent felt the available software is difficult to learn
- 11 percent felt that the software is expensive and required hiring consultants and implementation experts

44% of marketers are not fully satisfied with their marketing automation system



VentureBeat: 38 percent of automation users are considering switching vendors

A 2014 study by VentureBeat Research similarly found that a surprisingly high **38 percent of marketing automation users were actively considering switching systems in the coming year.** The main reasons to want to switch were to support better automating marketing processes, and to generate better quality leads. The primary concern amongst decision makers was “having the skills in-house to effectively implement it.”

38% of companies are considering switching marketing automation vendors via @VentureBeat



Skilled specialists are a must

This study found that 66 percent of companies who use marketing automation software have dedicated owners or teams who manage the process. Automated marketing is a highly leveraged activity that reaches many users, and will likely always require specialization and control.

Skilled specialists rule. Given that the current marketing automation software is complex and requires a high degree of skill to operate, companies with dedicated owners produce on average five times as many leads (5,600 leads per month) as those who instead share responsibilities across teams (1,100 leads per month).

Big capabilities for small teams. Small teams that use marketing automation technology can drive up to 23 times as many leads (avg. 9,000 per month in two to three person teams), and manage similarly larger marketing databases (averaging one million contacts), as teams in companies that do not use marketing automation.

7. Marketers Want Easy and Affordable Technology

Of the majority of companies who do not use marketing automation software, **44 percent have not heard of lead nurturing or marketing automation.** This is not surprising, given the low usage rates across the industry, which range from three to five percent of small businesses (up to \$20M revenue), to 10% of mid-size businesses (\$20M - \$500M annual revenue).³

Key concerns for purchasing software

The top concerns about implementing the new marketing automation technology are lack of budget (44 percent) and lack of in-house skills (22 percent). These correspond with findings by VentureBeat Research, which also noted that skills and budget were companies' primary concerns of implementing automation software. Interestingly, the #3 concern for VentureBeat, which was uncertainty that the software will produce results, is now the 5th position today, perhaps reflecting the growth and acceptance of the category over the past several quarters.

Top Concerns about Implementing Marketing Automation Software

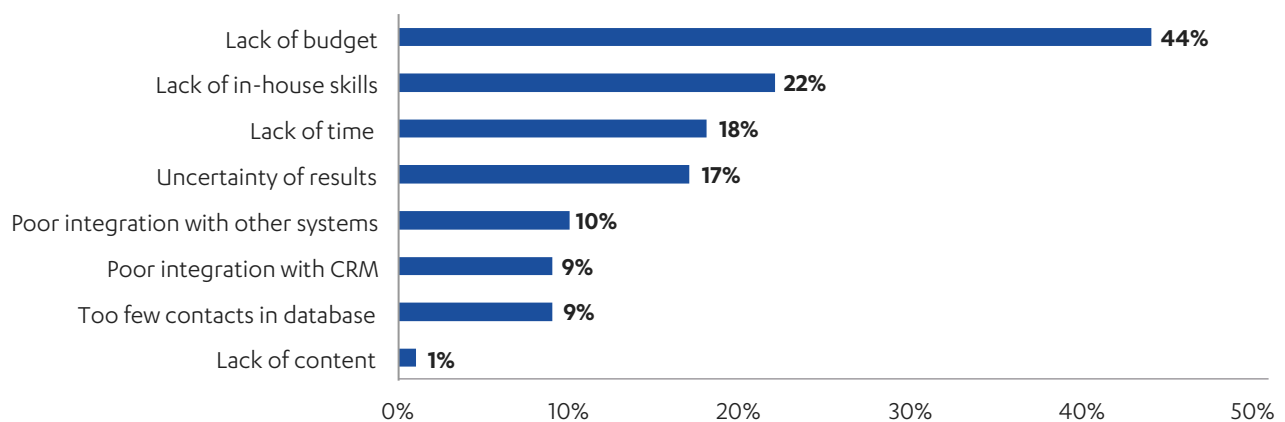


Figure 10. Summarized from 266 responses to: "What are your primary concerns about implementing marketing automation software?" (Select up to 3)"

³ Digital Capital Advisors. "Marketing Technology Sector Update: Marketing Automation. Q1 2015."

Cost and ease of use remain the top selection criteria

Not surprisingly, “very low cost” (46 percent) and ease of use (39 percent) are the top criteria that would encourage non-users of marketing automation to consider implementing the technology, followed by access to analytics and insights capabilities. This last point is interesting, as it reinforces heightened expectations of marketers to achieve ROI objectives and deliver reporting transparency.

The marketing automation wish list: 1. Affordable, 2. Easy-to-use, 3. ROI Insights

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Top Factors Encouraging Companies to Invest in Marketing Automation

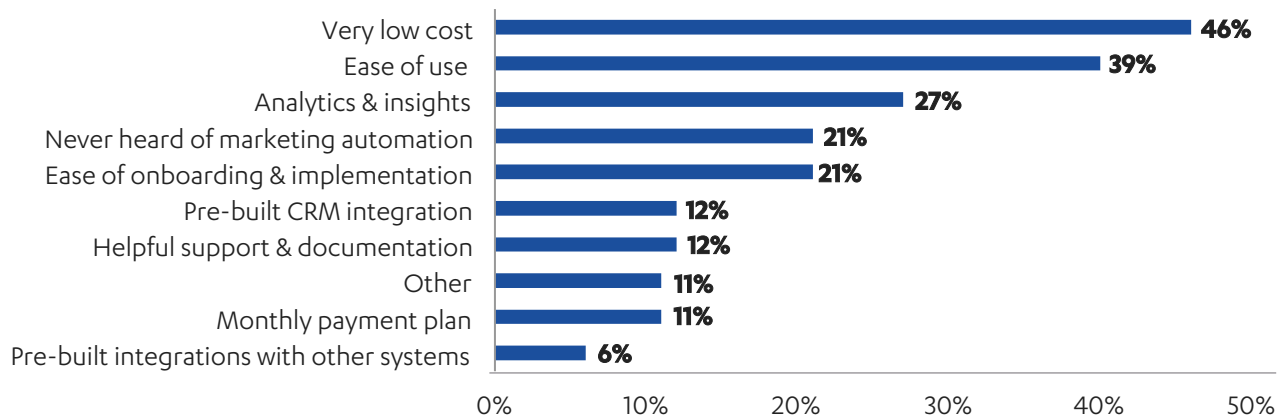


Figure 11. Summarized from 266 responses to: “What of the following factors would encourage you to invest in marketing automation? (Select up to 3).”

Appendix

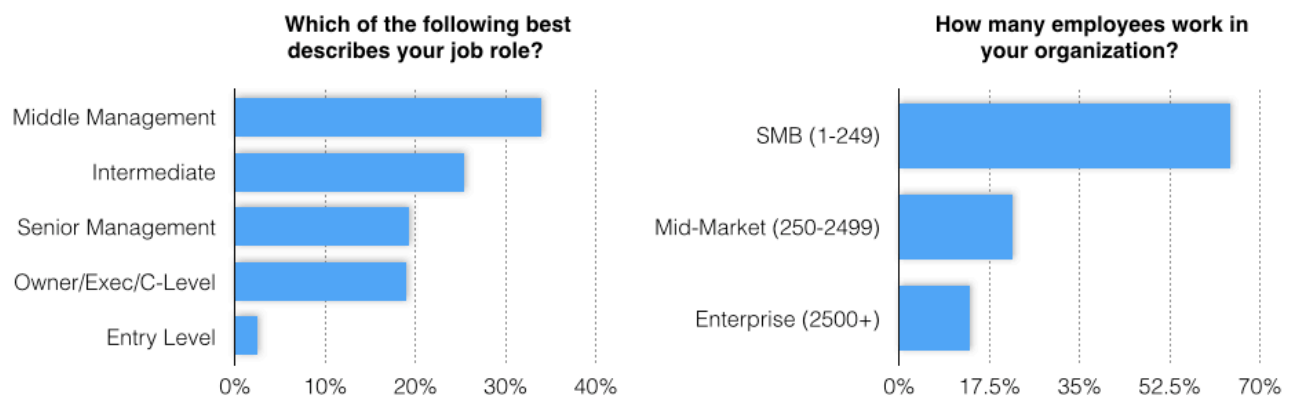
Data Collection

The “Marketing & Automation Sentiment Survey” was completed between 12/11/14 and 12/22/14. Surveys were emailed in four different batches to 692 total pre-registered, pre-screened participants, using the SurveyMonkey® Audiences product. To incentivize participation, SurveyMonkey® donated \$0.50 to a recipients’ preferred charity upon completion. This table shows completed responses, based on initial send-out date.

| Survey Wave | Send Out Date | Completed Responses |
|--------------|---------------|---------------------|
| 1 | 12/11 | 17 |
| 2 | 12/15 | 213 |
| 3 | 12/17 | 87 |
| 4 | 12/20 | 10 |
| Total | | 327 |

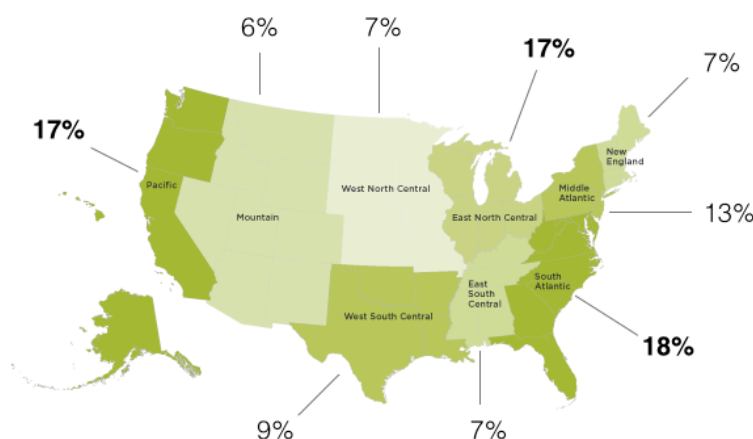
Audience

We targeted mid to senior level marketing & advertising professionals, in order to best represent the viewpoints of their respective marketing organizations. Senior management or owner/C-level were 38 percent of responses, and 81 percent were female.



Company Size: 64 percent of responders work in organizations with 1 - 249 employees, which we classified as “small to mid-size business” (SMB). 22 percent worked in companies with 250 – 2,499 employees, or “Mid-Market” companies. 14 percent worked in “Enterprises” with 2,500+ employees.

Geography: Respondents were fairly evenly distributed across 9 major US Geo’s (see image below). Top 3 were South Atlantic (18 percent), East North Central (17 percent), Pacific (17 percent).



Industries

There were 18 industries represented, ranked as follows (top 6 are in bold):

| | |
|--|--|
| Advertising & Marketing (24.5%) | Construction, Machinery & Homes (3.7%) |
| Non-Profit (8.9%) | Food & Beverages (3.4%) |
| Telecommunications, Tech & Electronics (8.3%) | Real Estate (3.1%) |
| Manufacturing (8.0%) | Insurance (2.8%) |
| Finance & Financial Services (7.3%) | Business Support & Logistics (2.1%) |
| Healthcare & Pharmaceuticals (7.3%) | Utilities, Energy & Extraction (1.8%) |
| Education (6.7%) | Government (1.8%) |
| Entertainment & Leisure (5.2%) | Transportation & Delivery (1.2%) |
| Retail & Consumer Durables (3.8%) | Agriculture (0.3%) |

About Autopilot

Guy Marion is the Chief Marketing Officer of Autopilot.

Autopilot is a cloud-based software company that helps companies connect their marketing systems, automate their marketing touchpoints, and convert more customers.

Autopilot's built-in integrations to best of breed marketing, messaging, lead intelligence, and CRM tools make it easy to message consistently using email, SMS, and physical mail.

Founded in 2012, Autopilot is based in San Francisco and has raised \$15M in venture funding. Backers include Rembrandt Venture Partners, Southern Cross Venture Partners, Blackbird Ventures, Tim Draper, and Terry Garnett.

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